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CORPORATION FILE

1936



A REPORT TO THE JEWEL FAMILY



JEWEL TEA CO., INC.

JEWEL PARK
BARRINGTON, ILL.

DIRECTORS:

HENRY S. BOWERS
JOHN M. HANCOCK
A. VERNON JANNOTTA
M. H. KARKER
F. M. KASCH
C. W. KAYLOR
WALTER E. SACHS
ROBERT R. UPDEGRAFF

OFFICERS:

JOHN M. HANCOCK
Chairman of the Board of Directors
M. H. KARKER
President

W.M. D. SMITH, *Vice Pres.—Public Relations*
ROBERT HILTON, *Vice Pres.—Administration*
F. M. KASCH, *Vice Pres.—Food Stores*
C. W. KAYLOR, *Vice Pres.—Sales*
ROBERT W. MUIR, *Secretary*
J. M. FRIEDLANDER, *Treasurer*
A. U. HUNT, *Controller*
F. J. LUNDING, *Asst. Secretary*



FEBRUARY 27, 1937



TO THE ENTIRE JEWEL FAMILY CUSTOMERS AND STAFF EVERYWHERE

The efficiency of its people is the rock upon which this business is built, and the good will of customers is its most valuable possession. Jewel has a very real and direct interest in creating benefits for the consumer and for the wage earner, for only thereby can it prove its right to live. This review is a report of some of the benefits and advantages produced for you in 1936.

THE PUBLIC WELFARE AND EMPLOYMENT

The purchases of our customers in 1936 provided full-time work for 3,485 members of the Jewel staff, compared with 2,348 in 1929. Your company is one of the few which regularly increased the number of its workers in each succeeding year of the depression. But Jewel customers provide work for more than these. Men in the forests, fields, mines, shops, and railroads of the country, who produce and transport the raw materials and finished products which they consume. Directly and indirectly Jewel customers provide regular work for probably 10,000 heads of families.

THE JEWEL PAY ROLL



The entire pay roll of the company for the year was \$4,914,548.68, (23.67 cents from every dollar of sales) as compared with \$4,485,477.22 in 1935. Of this sum \$4,619,101.65 or 94.04% went to the Jewel staff, exclusive of the officers of the corporation who carry the responsibility for administration.

The average weekly income of the Jewel staff, again exclusive of the officers of the corporation, but including all those employed in Jewel branches in the field, as well as the staff at Barrington and in the Jewel Food Stores in Chicago, was \$27.73 per week for a full year's work. This compares with an average 1935 weekly income of \$17.59 reported for 1,653,961 retail outlets by the U. S. Department of Commerce.

The Jewel figure of \$27.73 for 1936 is an increase of 7.52% over 1935 and 28.62% above the low point in 1933.

23.67¢

In all but a comparatively small percentage of the 2,738 jobs making up the Jewel field organization, the individual has an opportunity to increase his own earnings. Wherever possible, weekly pay is related directly to the dollars of an employee's sales or some other measure of personal production, and his earnings are adjusted immediately to his increase in sales or efficiency.

The pay rates of all—including those whose work does not permit of such automatic adjustment—are reviewed and adjusted twice each year.

But even with these provisions for establishing a fair basis for wages, we have found in each of the last three years that the efficiency and ability of the staff had created values not fully covered by the weekly pay rolls, and in 1936 two "Wage Extras," totaling \$180,744.13, or about 6% of each individual's wage for the year, were declared and paid.

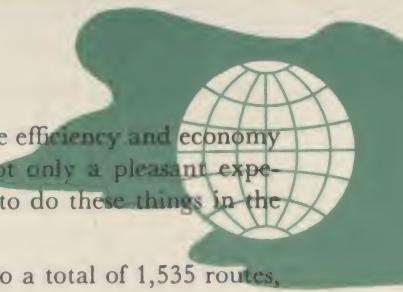
It is hoped that both the wage in dollars, and in the proportion of each dollar of sales made, may continue to increase as the years go on and as our efficiency improves. There is some waste in each of our jobs. Every dollar we can save from waste is another dollar we can add to wages.

BETTER PRODUCTS AND SERVICE



During 1936 your company continued its search and supply of the highest quality and widest variety in foods and premiums. VioBin, a newly discovered source of vitamins, was added to the Jewel Malted Milk mixture, thus improving its value as a health food. The number of items of the new Hall China line was increased, thus adding color, convenience, and decoration to the kitchens of our customers. The Jewel distributing system was speeded and controlled to the end that food might reach our customers in the freshest condition.

Very large quantities of foods and house furnishings are delivered regularly through your company's widespread system of distribution. On the last day of the year one shipment of coffee reached Barrington, a solid train of 48 cars. Five carloads of paper were required from the forests and mills to print the last edition of *Mary Dunbar's Favorite Recipes* for free distribution to customers. Over half a million dollars worth of chinaware was taken during the year from one pottery in Ohio. Eighteen carloads of tea and spices from the Orient, coffees from the southern hemisphere, vanilla beans and cocoa beans and lemon oils. And so it goes, this constant flow of the product of the world to and through the Jewel plant into the homes of those we serve.



The constant effort of management and staff is to improve the efficiency and economy of Jewel operation in order to make dealing with Jewel not only a pleasant experience, and its products the safest standards of quality, but to do these things in the spirit of true service.

Twenty-one new wagon routes were added, bringing them to a total of 1,535 routes, and a large proportion of these was concentrated in order to reduce waste in driving and to give better and quicker service to customers. Growing business means more jobs and steadier work.

The total profit of the company from retail sales in the year 1936 amounted to only 3-1/10c per week per customer.

JEWEL PRICES AND THE COST OF LIVING

One effect of rising prices is the stimulation of employment but another is an increase in the cost of living. In 1936 this cost of living increased 2.66% over 1935 and 13.22% over 1933, but the retail selling prices of food increased 22.2% in the same three years. During this same time Jewel prices in the wagon routes increased only 3.7%, but here your company controls and is responsible for every element of quality and handling from the basic raw materials through to the kitchen of the customer.

ADVERTISING



The principal advertising medium in the wagon routes is the premium, and the portion of the grocery dollar allowed to Jewel customers in the form of "profit sharing credits" increased from 18.81c in 1935 to 19.29c in 1936. This is a total of \$2,564,174.18 in value returned to customers, and every penny was efficiently spent for useful things to lighten the burden of housekeeping and to increase the leisure and pleasure of our customers.

P R E M I U M S

JEWEL FOOD STORES

In the Chicago area where it is impracticable to operate wagon routes, your company operates Jewel Food Stores. The number of stores was increased from 87 to 100 during the year, thus making these self-service stores more convenient to a larger number of people.



Effort has continued to improve the cleanliness, the order, the convenience, and the economy of the stores. During the last year a program of uniform arrangement has been completed and now canned fish, fruits, and Royal Jewel Coffee will be found in the same places in every store, a convenience and time-saver for you who do the shopping. Jewel Food Stores increased its insistence upon quality and its search



JEWEL TEA

STATEMENT OF THE VALUE OF PROPERTY NECESSARY OF THE JEWEL STAFF AND HOW AT JANUARY 2, 1937

PROPERTY NEEDED TO PROVIDE A JOB FOR EACH MEMBER OF THE JEWEL STAFF

AMOUNT PER
EMPLOYEE

● Cash on hand and in banks with which to pay wages and other bills of the business.....	\$ 301.86
● Bonds which can be turned into cash on a moment's notice to pay bills and to meet emergencies.....	734.50
● Money owed by customers for groceries already delivered.....	54.68
● Money owed by people other than regular customers for miscellaneous goods and services.....	9.23
● Green coffee, bulk tea, rice, eggs, butter, and other materials to be prepared and packaged for customers; packaged coffee, tea, and other groceries, meats, dairy products, and premiums ready for use by customers.....	678.67
● Jewel stock at cost held for sale to the staff.....	53.01
● Loans to members of the staff.....	1.20
● Miscellaneous investments and deposits incidental to carrying on the business—insurance, meter deposits, appearance bonds, etc.....	25.25
● Investments and cash held in a trust fund as security for the savings accounts and cash bonds of members of the staff.....	138.38
● Cost of premiums advanced to customers to be paid for with profit sharing credits.....	272.43
● Cost of fire and other insurance, and rent paid in advance; stationery and printed forms, tires, tubes, and other automobile equipment ready for use in 1937.....	52.78
● Land, buildings, machinery for producing Jewel coffee and groceries, desks, chairs, typewriters, adding machines, filing cabinets, tables, refrigerators, display cases, automobiles, etc.....	\$949.76
Less, reduction in value of these items (except land) due to wear and tear as a result of use since they were bought	395.86
● Worth on January 2, 1937	553.90
● Good will of Jewel customers is the most valuable possession of the business. It is not measurable in money.	
● Total value of the property needed to provide a job for each member of the Jewel staff.....	<u>\$2,875.89</u>

A CO., INC.

EEDED TO PROVIDE A JOB FOR EACH MEMBER
THAT PROPERTY WAS OBTAINED

RY 2, 1937



HOW THAT PROPERTY WAS OBTAINED

AMOUNT PER
EMPLOYEE

- Money owed to:

People for green coffee, bulk tea and rice, and other materials; for groceries, meats and dairy products; for services to Jewel, etc. \$281.92

Governments—Federal, state, and local—for taxes..... 143.72

The Jewel staff for their cash bonds and savings deposits held in trust and invested as shown under "Property needed"..... 138.38

Miscellaneous—for items of expense chargeable to 1936 but not paid..... 2.13

● Total money owed..... \$ 566.15

- Money saved by Jewel for emergencies such as automobile accident and fire losses, floods, etc.; improvements in equipment; and development of the business.....

201.81

- Invested and risked by the 3,894 stockholders who own the Jewel business, to provide jobs for the staff and to earn dividends for themselves..... (There is one person employed on the staff for each 80 shares of capital stock outstanding.)

1,416.20

- Money earned and saved by Jewel which in time of depression insures not only security of the investment of stockholders, but also security of jobs for the staff and continuity of service to customers.....

691.73

- Total money supplied by stockholders and owed to others to provide a job for each member of the Jewel staff.....

\$2,875.89



for the most efficient and reliable sources of supply in order to make a higher standard of living available to more people at less cost.

These Food Stores add security and stability to the supply of Jewel groceries and create employment for a larger Jewel staff. In each of the years of stores operation the volume of sale of Jewel coffees has increased steadily.

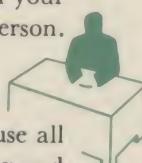
The advertising effort of the Food Stores was distinctive in character and picked by the staff of a specialty magazine and its board of awards for "All American" honors as the best retail food advertising in the country.

The stores operated at a profit for the year 1936 and furnish employment to 664 men and women.

TAXES

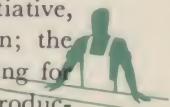
Of every sales dollar last year 4-1/10 cents went to pay taxes. The 1936 tax bill of your company averages \$244.08 per employee per year, or \$4.61 per week per person.

WORKING TOGETHER



Your company is alert, progressive, and a vital force in food distribution because all members of the staff are themselves alert, progressive, and vital in their thinking and in their daily jobs. The record of your company could not have been built but for the earnest and loyal effort and spirit of cooperation daily extended by every member of the staff. The depth and sincerity of understanding between management and men has been brought about through that confidence which results from contact and a real and sincere effort to solve problems together and to see to it that workers share the resulting gains.

The employee representation plan is a nationwide organization of the staff of your company, exclusive of the executive personnel. It meets at regular stated intervals locally, by districts, and nationally, both by itself and in cooperation with management and forms the medium for both collective bargaining and effective cooperation. Among the gains to the staff during the year 1936, as a result of their own initiative, are annual vacations without the qualification of new customer production; the unification and liberalization of audit procedure; further simplified accounting for route managers; as well as increases in wage rates and larger opportunities for production and promotion.



THE TWENTY-FIVE YEAR CLUB

Your company was founded in 1899, yet the second man employed by the founders is still in its service—Frank Talbot, senior purchasing agent, who combs the markets

25



"I have been a Jewel customer for 30 years. I always find every product the best money can buy."

*Mrs. W. J. Hitchins
2100 Bailey Avenue
McKeesport, Penn.*

"After working two years with Jewel, I have nothing but praise, and I am going to do my part in making 1937 a big success."

*Kenneth Amick, Route Manager
Huntington*

"It seems there is no limit to the interest of the company in its employees."

*Gertrude M. Brower, Clerk
Schenectady*

"I am proud to say I am a Jewel customer and a member of your Quarter Century Club."

*Mrs. J. A. Ford
251 Water Street
Newark, Ohio*

"I have used Jewel products since 1904. Jewel premiums are always so attractive and useful. Jewel salesmen are always courteous."

*Mrs. Mae Lucas
1003 East Water St.
Sullivan, Illinois*

"It is hard to thank you adequately for the bonus check I received. From the first day I started working for Jewel I have been happy here."

Helen M. Anderson, Home Office

"My wife joins me in extending our sincere thanks for the wage extra just received."

*C. S. Clemans, Route Manager
Pittsburg, Kans.*

"My work and association with Jewel during the past 14 years have always been most enjoyable."

*W. C. Stephenson, Stock Manager,
Erie*

"Having used your coffee for the past 21 years, first in the capacity of a housewife, later in the restaurant business, I have found it satisfactory in every detail and will continue to do so, I am sure. Your premiums are truly a delight to any kitchen, being both attractive and serviceable."

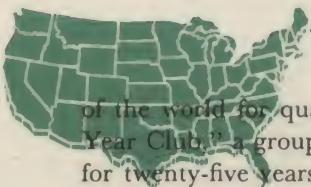
*Mrs. Louis Yuter
1327 W. Main Street
University, Virginia*

"I have enjoyed trading with Jewel very much indeed, and have at all times been perfectly satisfied with the products, premiums, and service. On a recent trip to Scotland I did not taste any better tea while there. This really means a lot as the Scotch people know their tea. I have gotten quite a few new customers for Jewel in the past 16 years just by serving them a cup of your Orange Pekoe and Pekoe Tea."

*Mrs. Margaret Smith
Arkansas City, Kansas*

"We don't regard your representative, Mr. H. J. Hulgan, as a salesman but as a neighbor, who ever so often brings us some of the necessities of life. I know of no other company anywhere which has such a high class of men working for it."

*R. O. Perkins
Tallassee, Alabama*



of the world for quality. Some years ago the old-timers formed "The Twenty-Five Year Club," a group in which membership is limited to those who have served Jewel for twenty-five years or more and who get together from the length and breadth of the country once a year for a dinner and the admission of those others who have achieved their enviable distinction. There are now 12 members of this group which is of itself a tribute both to them and to the opportunities they found in Jewel.

IN MEMORIAM

During the course of the year thirteen members of the staff passed to the great beyond. They helped to make the record of 1936 but did not live to share it.

We also pay tribute to that unknown number of faithful and loyal customers whose lease on life expired during the calendar year and whose cheerful and ungrudging support will be sorely missed.

QUARTER CENTURY CLUB OF JEWEL CUSTOMERS

The greatest honor which can be paid the staff and the service of Jewel is the continued regular use of Jewel service by an increasing number of customers each year. "The Quarter Century Club" was started some years ago by a dear old lady in Michigan, who was then 80 years old and who had been a consistent and persistent purchaser of Jewel coffees for more than twenty-five years. In the six years since the club was started a total of 510 members have been added, 94 in 1936. Your company would be glad to welcome into membership all those customers who have traded for twenty-five years or more and who will send us their name and address on a postal card.

EXTRAS OF A JEWEL JOB

Your company has a definite responsibility to the staff to provide healthful work in good surroundings at fair pay and with just, considerate treatment. Fortunately it has had opportunity to go beyond this point and provides stabilized employment the whole year through for every full time worker, with no periods of layoff.

All members of the staff are encouraged to save a portion of their income, on the theory that "part of all you earn is yours to keep," and your company has provided the Jewel Employees Trust Fund where the safety of principal and a minimum return of 3% are guaranteed by the company and where all the earnings of the Fund are shared in proportion by those with savings on deposit.

Insurance on the lives of the staff, in the amount of \$1,419,800, is kept in force and paid for by your company. Compensation is provided at company expense for absence due to sickness and disability. Vacations with pay provide the staff with opportunity





for rest and relaxation and workers come back to their jobs with fresher, clearer minds and a renewed energy which makes the vacation a profitable investment.

Your company maintains a sizable and well selected library for the education and cultural use of all Jewel employees and its use is encouraged.

In 1926 a stock purchase plan for company employees was adopted which is still in effect. Opportunity is afforded all the members of the organization to acquire stock in your company at a discount under the current quotation and without charge for interest over the hundred weeks allowed for payment. There are 210 stockholders among the staff.

Your company is a business of youth because it takes the imagination, initiative, courage of young men and women to keep it abreast and ahead of commercial development. The great majority of the executive group has been drawn from your company's own staff, and we intend to maintain that staff as the place where you may rise as far and as fast as you prove your talent.

"21 STAR CORPORATIONS"

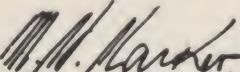
Your company operates nearly twice as many units as its next largest competitor in the wagon route business. It is one of the smallest food store operators in the country.

Last year Mr. Laurence H. Sloan, Vice President of Standard Statistics Company, and Associates, studied the records of 135 leading industrial corporations in America. Five lists of 35 corporations each were then made of those companies showing the best records in one important respect through two complete economic cycles and it was found that only 21 names appeared on all of the five lists, and Jewel was one of the 21.



CONCLUSION

Your company can grow to larger success as a supplier and as an employer only if it keeps ahead of the average run of business in both relationships. Its future properly depends on the degree of quality, economy, and satisfaction which it can deliver to you, its customers; and upon the opportunity, encouragement, and rewards which it can provide for you, its workers. Your company is fully conscious of the fact that American business today approaches a public trust and aims always to conduct itself and its business in a way to justify your continued confidence and support.


W.H. Karner
President



WHERE JEWEL SERVES A MILLION HOMES

DIRECT TO THE HOME

Jewel good will is built on prompt, pleasant, and dependable service. Throughout America the coffee-brown Jewel Car in front of a home is the sign of a smart shopper.

JEWEL FOOD STORES

In Chicagoland a hundred clean, white, self-service Jewel Food Stores offer a wide variety of quality foods at economical prices. Friendly people make shopping with Jewel a pleasure.

STATES IN WHICH
JEWEL OPERATES
ROUTES

